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Agenda item 17 (b)
**Macroeconomic policy questions: international financial system and development**

**Argentina:* draft resolution**

## International financial system and development

*The General Assembly*,

*Recalling* its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008, 64/190 of 21 December 2009 and 65/143 of 20 December 2010,

*Recalling also* the United Nations Millennium Declaration[1] and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,[3] the Rio Declaration on Environment and Development,[4] Agenda 21,[5] the Programme for the further Implementation of Agenda 21,[6] the Johannesburg Declaration on

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] Resolution 63/239, annex.

[4] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex I.

[5] Ibid., annex II.

[6] Resolution S-19/2, annex.



Please recycle

Sustainable Development[7] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation").[8]

*Recalling further* the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,[9]

*Recalling* the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome document,[10]

*Recognizing* the work undertaken by the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and taking note of its progress report,[11]

*Expressing deep concern* over the adverse impact of the ongoing world financial and economic crisis on developing countries, which highlighted long-standing systemic fragilities and inequalities, and stressing that the recovery has been threatened by new circumstances, including turbulence in the global financial markets and widespread fiscal strains, and that the systemic problems facing the global economy have to be resolved, including through the full accomplishment of the reform of the global financial system and architecture,

*Concerned* that excessive volatility in commodity prices has led to food insecurity and is further contributing to increased poverty in developing countries,

*Recognizing* that the world economy is entering a dangerous new phase characterized by unresolved structural fragilities, sharply falling confidence and high risk, and that, as a result, the global financial system faces more challenges than at any time since the 2008 financial crisis,

*Expressing concern* that the financialization of and excessive speculation in commodity markets, especially in agricultural products, lead to pressures on food security which contribute further to increasing poverty in developing countries, especially the least developed countries,

*Emphasizing* the urgent need for the United Nations to assume a central and proactive role in global economic governance and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

*Reiterating* that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development, and hunger and poverty eradication efforts in developing countries,

*Recognizing* that the international trade and finance architecture should be supportive of and responsive to the special needs and priorities of least developed countries, together with enhanced coordination and coherence among the different policy areas of the international development architecture, including official

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[7] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex.

[8] Ibid., resolution 2, annex.

[9] Resolution 63/303, annex.

[10] See resolution 65/1.

[11] A/64/884.

development assistance, trade, foreign direct investment, debt and finance, taking also into account new and emerging challenges,

*Stressing* the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

*Recognizing* the continued importance of good governance along with national ownership of policies and strategies, and recalling the commitment to promoting effective and efficient economic and financial institutions at all levels, which are key determinants of long-term, sustainable and inclusive economic growth and development, as well as to accelerating the collective recovery from the crisis, including through improved transparency, eradication of corruption and strengthened governance,

*Stressing* that good governance at the international level is fundamental for achieving sustainable development, reiterating in this regard the importance of promoting global economic governance by addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries in order to ensure a dynamic and enabling international economic environment, and reiterating also that, to this effect, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, finding a comprehensive solution to the external debt problem and increasing the market access of developing countries,

*Reiterating* its call for the predictable and timely disbursement of multilateral resources and official development assistance and for putting an end to the ongoing procyclical conditionalities that curtail the available financial options for developing countries and needlessly exacerbate the financial, economic and developmental challenges faced by those countries,

1. *Takes note* of the report of the Secretary-General;[12]

2. *Recognizes* the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;

3. *Expresses serious alarm* over the substantial increase in the financial stability risks of many developed economies, and in particular their high structural fragilities in financing sovereign debt created as a result of transferring private risk to the public sector, and calls for urgent and coherent solutions to reduce sovereign risk in developed economies to prevent contagion and to mitigate its impact on the international financial system;

4. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, and recognizes that more needs to be done in order to ensure a full return to growth with full and productive employment and quality jobs, to reform and

[12] A/66/167.

strengthen financial systems, to create strong, sustained and balanced global growth and to ensure sustainable development;

5. *Stresses* the urgent need for the United Nations to assume a central and proactive role in international economic issues, and in this regard resolves to further strengthen the role of the United Nations in economic and financial affairs, including in relation to the reform and effective functioning of the international financial and economic system and architecture;

6. *Recalls*, in this regard, the resolve to strengthen the coordination of the United Nations system and multilateral financial, trade and development institutions so as to support economic growth, poverty eradication and sustainable development worldwide;

7. *Stresses* the vital need for ambitious and expeditious reform of the Bretton Woods institutions, particularly their governance structures, based on the full and fair representation of developing countries, in order to address the democratic deficit in those institutions and improve their legitimacy, and that these reforms must reflect current realities and ensure the full voice and participation of developing countries;

8. *Also stresses* that developing countries must have the necessary policy space for pursuing tailored and targeted responses to the crisis in accordance with their development needs and priorities, and calls for a reformed lending and financing paradigm, including the establishment of new credit facilities, as necessary, and a prompt end to conditionalities that curtail the individualized options available to developing countries and needlessly exacerbate the financial, economic and developmental challenges faced by those countries, and within this context, while noting steps taken by the International Monetary Fund in this regard, recognizes that new and ongoing programmes still contain conditionalities and that the reformed lending and financing paradigm of the international financial institutions, with the full and fair representation of developing countries, must move forward with flexible, concessional, conditionality-free, fast-disbursing and front-loaded instruments designed to substantially and quickly assist developing countries facing financing gaps;

9. *Underscores* that developing countries facing a shortage of foreign exchange because of the fallout from the crisis should not be denied the right to use temporary capital account measures and debt standstills in order to mitigate the adverse impacts of the crisis on the economy, jobs and incomes, including increased poverty;

10. *Reaffirms* the need to continue to broaden and strengthen the participation of developing countries in international economic decision-making and norm-setting, and reaffirms the need to meaningfully reform the governance of the Bretton Woods institutions in order to deliver more effective, credible, accountable and legitimate institutions;

11. *Stresses* that governance reform is crucial to the legitimacy and effectiveness of the International Monetary Fund, and in this regard reiterates that the heads and senior leadership of the international financial institutions, particularly the Bretton Woods institutions, should be appointed through open, transparent and merit-based selection processes, with due regard to gender equality and geographical and regional representation;

12. *Notes* that allocations of special drawing rights have contributed to increased global liquidity, and encourages continued discussions on policy options to promote long-term stability and the proper functioning of the international monetary system, including the potential role of special drawing rights and the complementary role of various regional arrangements therein, and requests the Secretary-General to take this into account in preparing his report on the implementation of the present resolution;

13. *Recognizes* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, and stresses the need to continue strengthening surveillance of economic policies of countries with major financial centres with a view to mitigating their impact on developing countries, particularly through international interest rates, exchange rates and capital flows, including private and public financing in developing countries;

14. *Invites* the international financial and banking institutions to continue enhancing the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant development institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

15. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard welcomes recent capital increases at multilateral and regional development banks and, in addition, encourages efforts to ensure that subregional development banks are adequately funded;

16. *Encourages* enhanced regional and subregional cooperation, including through regional and subregional development banks, commercial and reserve currency arrangements and other regional and subregional initiatives;

17. *Stresses* the need to continuously improve standards of corporate and public sector governance, including those related to accounting, auditing and measures to ensure transparency, noting the disruptive effects of inadequate policies;

18. *Requests* the Secretary-General to submit to the General Assembly at its sixty-seventh session a report on the implementation of the present resolution, to be prepared in cooperation with the Bretton Woods institutions and other relevant stakeholders;

19. *Decides* to include in the provisional agenda of its sixty-seventh session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".